

Gold Star Wives of America, Inc., is a Congressionally chartered service organization comprised of surviving spouses of military service members who died while on active duty or as a result of a service-connected disability. Many of our membership of over 13,000 are the widows of service members who were killed in combat during World War II, the Korean War and the Vietnam War. Almost all of our members are receiving Dependency and Indemnity Compensation (DIC). Gold Star Wives has been working on Capitol Hill to help maintain survivors benefits since its inception in 1945. Today, we continue to fight to maintain those benefits for not only our members, but also for the over 330,000 survivors receiving DIC.

According to the Department of Veterans Affairs, in 2001 the largest group of widows receiving DIC continues to be the World War II widows (110,821), followed closely by the Vietnam Era (101,238). Interestingly, there are 9 widows from the Spanish-American War. Sadly, the last surviving widow of the Civil War recently died. According to the Veterans Administration, more than 75% of the new DIC entrants are over 65 years old. Gold Star Wives median income (in 1993) including our DIC benefit is only \$16,495.00 per year and our attrition rate due to death or remarriage (in 1994) is 2% according to the 1995 GAO Report to the Veterans affairs Committees.

Gold Star Wives has a long history of performing volunteer community service and volunteer work in our nation's Veterans Hospitals. During 2002, we volunteered in 34 Veterans Affairs Volunteer Service (VAVS) accredited Hospitals and Medical Centers. For the preceding two years Gold Star Wives volunteered at Veterans Hospitals and Medical Centers over 24,000 hours, drove more than 100,000 miles, and donated over \$35,000 in cash and goods. We are currently members of the National VAVS Committee.

Our members also have performed extensive community service over the years. Among the many tasks we have accomplished, we keep track of donated blood, cash/goods donated, volunteer hours and miles driven. For the years 2000 and 2001, Gold Star Wives volunteered more than 147,000 hours, drove over 500,000 miles, gave 84 pints of blood and over \$700,000 in cash/goods.

INTRODUCTION

We thank both Committees for inviting Gold Star Wives to give oral testimony before you today. We also want to commend the other Veterans Service Organizations testifying today for their support. Gold Star Wives is an active and full member of The Military Coalition, which is the largest coalition of veterans service organizations, and its members number over 12 million.

We want to thank the members of your respective committee staffs for their work and consideration. We especially want to single out Mary Schoelen and Jon Towers of the Senate Committee and Mary Ellen McCarthy, Darryl Kehrer and Paige McManus of the House committee. Their work under the direction of the their respective Staff Directors

Pat Ryan, Michael Durishin on the House side and Bill Tuerk and Bryant Hall on the Senate side remains a truly bipartisan effort. We also want to recognize the work of Rebecca Hyder of the office of Congressman Michael Bilirakis (R-FL) and Andrew Shaprio of the office of Senator Hillary Rodham Clinton (D-NY) for their efforts in gaining the provision for allowing surviving spouses to retain their CHAMPVA benefits upon remarriage after the age of 55. Although it is not within the jurisdiction of this committee, we also want to thank Bill Sutey from the office of Senator Bill Nelson (D-FL) has also pulled the leading oar for Gold Star Wives in our efforts to end the SBP/DIC offset.

Their legislative accomplishments in the last session of the 107th Congress on behalf of survivors can be translated into truly distinctive improvements in the quality of hundreds of thousands lives. Your dedication and the dedication of your staff members on behalf of survivors have made a considerable impact on the day-to-day lives of our members.

THANK YOU FOR THE VETERANS' BENEFITS ACT OF 2002 (PL 107-330) AND
THE VETERANS' COMPENSATION COST OF LIVING ADJUSTMENT ACT OF
2002 (PL 107-247)

Gold Star Wives along with Congressman Michael Bilirakis (R-FL) and Senator Hillary Rodham Clinton (D-NY) had championed the cause of allowing a surviving spouse to retain their survivors benefits should they choose to remarry after reaching the age of 55. H.R. 1108 sponsored by Congressman Bilirakis and S. 2602 sponsored by Senator Clinton were the basis for the benefits that we did get in the passage of The Veterans Benefits Act of 2002. House Veterans Affairs Chairman Chris Smith (R-NJ) and Ranking Member Lane Evans (D-IL) worked for the House passage of the provisions of H.R. 1108. That bill would have allowed survivors to retain all of their VA benefits after marrying at age 55. However, the Senate budget constraints hampered the passage of S. 2602. The Budget also played a pivotal role in shaping the final provision included in the passage of S.2237, which provides for a surviving spouse to retain their CHAMPVA benefits upon remarriage at the age of 55. While not what we all worked for, this is indeed a significant beginning to moving our military survivors' benefits into parity with the other federal survivors benefits.

The Veterans' Compensation Adjustment Act of 2002 provided our members and all the military survivors with a cost-of-living adjustment to their Dependency and Indemnity Compensation (DIC) benefit. As this increase in benefits is tied to the consumer price index and that, in turn, is tied to an index of our nation's inflation rate, which has been at historic lows, our DIC benefit increased by only 1.4 per cent. The standard monthly DIC benefit for survivors whose veteran spouses died after 1993 is now \$953.

Gold Star Wives seek the assistance of both the Senate and the House Veterans' Affairs Committees of the Second Session of the 107th Congress to address the following needs and concerns of the survivors of those who died for their country:

RETENTION OF DIC UPON REMARRIAGE AFTER AGE 55

Every federal survivorship program, including yours as Members of Congress, Civil Service employees, the CIA, and the vast Social Security program allows surviving spouses to remarry at an older age and to retain their survivorship benefits. The VA's DIC program is a glaring exception and remains the most restrictive of all federal survivorship programs.

The legislation (P.L 107-1330) passed in the 107th Congress allows those widows who are over 55 to remarry and keep their medical benefits. However, the law does not allow the older widow to remarry and retain their DIC benefits. Chairman Smith made it clear in the last Congress, not only from the floor of the House, but also in the legislative report of H.R. 1331 that he would work for the passage of a bill offering all the survivor benefits for the older widow remarrying. As usual, he is a man of his word and has joined with Ranking Member Lane Evans as an original cosponsor for Congressman Bilirakis' bill (H.R.36) that would allow survivors to be eligible for the whole package of survivor benefits. We would like to see all of the members of the House Veterans Affairs Committee follow suit with Chairman Smith and Ranking Member Evans in becoming cosponsors of H.R. 36.

Likewise, in the Senate, Senators Hillary Rodham Clinton (D-NY) and Kay Bailey Hutchison (R-TX) have combined as a bipartisan force in taking up our cause with the introduction of S.249. They also held a press conference together following the introduction of the bill. We gratefully acknowledge their work and the work of their staffs in making that happen and we would like to all of the Senators who are members of the Senate Veterans Affairs Committee to become cosponsors of S. 249.

Congress has previously acknowledged the changed realities of marriage when it allowed all other classes of federal survivors to retain survivorship benefits after remarriage. When a person remarries after the age of 50, it is usually not for the first time. Both parties generally have pre-existing financial obligations. The older marrying couple often does not have the protections of a survivorship option because that option went with the previous spouse, or because the pension was already in payout status. Both spouses have an obligation to support each other and often have a duty to spend their respective resources on the other spouse's final illness. When a Gold Star Wife remarries in her older years, she typically takes on every bit as much financial responsibility as her husband does. The concept of remarrying to "be supported by a husband" is a completely

outdated concept. This is especially true at a time in their lives when marriage would bring them great solace. Marriage among the elderly is very much an economic partnership and without DIC most Gold Star Wives would be indigent. Since the average age of the DIC recipient is 69, the numbers of those remarrying would not be significant.

In the past, Congress has acted as if the DIC program should not be as generous as the other federal survivorship programs because our husbands did not contribute to their retirement programs. But, being killed or permanently injured in defense of your country are certainly contributions that should be recognized as having the same or greater value. What greater contribution can there be? Our widows' husbands could not quit their jobs in the face of certain death or injury and in some cases their service was not even voluntary. Our servicemen are paid far less than their civilian counterparts and their widows should not then be punished for the lack of a survivorship benefit to contribute.

END THE SBP/DIC OFFSET INEQUITY

As you know, a service member receiving or entitled to receive retirement pay may participate in the Survivor Benefit Plan (SBP) to ensure his widow will have some income in the event of his death. However, for those retired servicemen who die as a result of a service-connected disability and therefore entitling his widow to become eligible for DIC, the widow's SBP will then be offset dollar for dollar by her DIC. While this issue may be more appropriate for the respective Armed Services Committees, it remains so egregious that we must speak out now and request you to speak to your counterparts concerning it.

This patently unfair offset currently affects approximately 44,770 widows. While DIC is non-taxable income and SBP is taxable, widows of these disabled retirees see little or no SBP funds despite having paid monthly premiums adding up to thousands of dollars over the years. As a consolation for having made these payments, the accumulated premiums are returned to them without interest. This then becomes a taxable event for her. Unfortunately, there was very little tax advantage for the disabled retiree when paying SBP premiums because his income was predominately non-taxable. Consequently, there is no real advantage to SBP for this group of widows and, in fact, it becomes a burden. You cannot imagine the resentment of some widows who figure out that the federal government is collecting taxes on SBP contributions for which they gained nothing financially. The net effect of their monthly premium payments that the retired disabled veteran's widow pays taxes for having given the federal government a tax free loan.

There is no civilian employer that would be permitted to return many years of survivorship contributions, without interest, should it chose not to pay on a purchased benefit. Yet, under current law the widow of a military retiree is denied participation in a cost-sharing benefit that was meant to protect them. Again, had the disabled service member retired from 20 years of federal civil service, the widow would be entitled to both the civil service survivor benefit and DIC, with no offset. How can there be a

rational reason for this disparate treatment of military widows and federal civil service widows?

Many SBP/DIC widows have spent more than 20 years sacrificing and supporting their husband's military careers and then years taking care of them during their years of disability. Retired pay represents deferred compensation for the 20 or more years of military service and disability pay is designed to compensate for a veteran's reduction in quality of life and lost future earnings as a result of his sacrifice for his country. Just as the disabled military retirees should be entitled to both benefits, so should their widows. Many of these widows are in their 50s or older and have not had the opportunity to develop their own careers. The DIC attempts to indemnify them for their husband's loss of life and an element of support for their future. The SBP represents completely different income that they have paid for and made a life of sacrifices for like multiple deployments, constant anxiety about their husband's well being, frequent moves, and no real chance to invest in a pension of their own.

We asking that the Members of these Committees work with the Armed Services Committees to develop a fair survivor program for widows of retirees, or those entitled to retired pay whose husbands have died of a service-connected disability. Senator Bill Nelson (D-FL) supported our plight in his efforts to amend the last Defense Authorization bill and we thank him for his work. Unfortunately, his amendment did not survive the parliamentary fight over this bill. But, Senator Nelson has introduced legislation in the session as has Congressman Henry Brown (R-SC) in the house. Remember, the federal survivors programs were changed for the widows receiving benefits under Civil Service Act, the Federal Employees Compensation Act, the Railroad Retirement Act and Social Security. It is time to change this unjust provision for survivors of disabled military retirees.

REEVAULATE THE TWO-TIERED DIC STRUCTURE: IS IT INEQUITABLE?

In 1992, Congress amended the method of determining the amount of DIC to "establish parity among all surviving spouses." (Military Compensation Background Papers, Department of Defense, 5th Edition, Sept. 1996, p. 630) The DIC Reform Act changed the method of determining the amount of the DIC award from being based on the service member's rank, to a "more equitable" system in which all survivors would receive awards in the same amount. The Department of Veterans Affairs supported the change because:

"The large majority of DIC recipients are awarded the benefit following post-service deaths, many occurring several decades after separation from service. In those cases, military rank attained by the deceased is not related to his or her income prior to death." (Military Compensation Background Papers, at 630.)

The Reform Act, however, did not make any provision for the very measurable loss of support in the case of active duty deaths. The widows of career Senior NCOs and Field Grade Officers are especially hurt under this act. They spent many years supporting their husband's careers to help earn the benefits of retirement. But, their husband's untimely

death left them completely ineligible for the earned retirement. This inequity and its consequential economic harm are reflected in the fact that these older active duty widows receive DIC payments that are as little as 10% of their husband's base pay at the time of death. The recent legislation allowing active duty widows to receive SBP is not retroactive, and affects only a handful of new widows.

The Reform Act provides a supplemental payment for widows who were married to service members who had been 100% disabled from a service-connected injury for eight or more years. While there is no doubt that those widows do deserve the supplemental, it remains an inequity for others. Young widows who brought up their children without their father and those older active duty widows who lost a service member during his prime earning years and their consequential loss of an expected retirement benefit also have suffered extreme financial hardships. Their economic plight should not suffer because their spouses died prematurely in the service of their country. Enlistees today would be horrified at such prospects for their spouses. Widows of all categories deserve the supplement. We are asking that your Committees again look at the DIC program and try to achieve a more equitable balance among DIC recipients.

EDUCATION BENEFIT

Survivor education benefits for the military widows are not like the traditional transition benefits for the military veteran reentering the civilian workforce. For the DIC widows this is a benefit that falls more into the category of a "life-time learning" education benefit. The DIC widows have traditionally used their Survivors and Dependents Educational Assistance benefits at a participation rate of less than 1% per year. The reason for the low participation rate is that young widows who could probably most benefit from the program are, more often than not, raising children and the current benefit would barely cover the cost of child care for one child. Consequently, by the time their children have grown up and they may be freer to use the benefit, they may have remarried or the 10-year limit will have been exhausted.

Unexpected widowhood, no matter what the circumstances entails a very difficult transition period into a very different life. As military wives, many of us were unable to pursue our educational goals as the demands on a military family often preclude it. Usually we did not stay in one place long enough to attend school consistently. We also had our duty to remain supportive and keep our husbands "battle ready." While we always welcomed the opportunity to be the best we can be, family responsibilities usually came first. So, in order to give us the opportunity to take advantage of our aspirations for higher education, we would ask for a 20-year delimiting date rather than the current 10-year date.

We would also support legislation that would tie our Chapter 35 education benefits to those of the Chapter 30 Montgomery G.I. Bill benefits. Parity between the two benefits is obvious. It is common sense that the military widow gets the same level of benefit that her husband would have gotten had he lived.

SUPPORT FOR INCREASING THE AMOUNT THAT SURVIVING SPOUSES WITH DEPENDENT CHILDREN AS RECOMMENDED BY THE DEPARTMENT OF VETERANS AFFAIRS' PROGRAM EVALUATION OF DIC

The Department of Veteran's Affairs contracted for an objective, third party study of the DIC program, among other survivor benefits, to make a determination and offer recommendations in terms of its statutory intent. The focus of the DIC study was on the DIC surviving widow with children. There was a specific finding that "While the DIC program provides increased benefits for survivors that vary according to the number of children, the evidence suggests a need for even greater benefit allowances for these survivors." (Program Evaluation of Benefits for Survivors – Vol. I: Executive Report, P.73, 74)

The study made a specific recommendation to "Increase DIC amount by \$250 per month for DIC surviving spouses with dependent children who are in 5-year period after death." There can be no doubt that the needs of a surviving spouse with children are affected more by the presence of dependent children in the household. Consequently, we would support any legislation that would bring about such an increase the DIC recipient with dependent children.

SUPPORT FOR THE FLAG PROTECTION AMENDMENT

Gold Star Wives would also like to mention that we passed a resolution to support protecting the U.S. flag from physical desecration. We are grateful to House of Representatives for voting in support of during the 106th Congress. We are joining with 49 states that have petitioned Congress to pass this amendment. We urge both the House and the Senate to pass this legislation during the 107th Congress.

CONCLUSION

Thank you for inviting Gold Star Wives to appear before you today and to present our legislative agenda. In summary, we respectfully request your Committees to support the following:

- Permit widows to retain their DIC upon remarriage after the age of 55;
- Eliminate the SBP/DIC offset;
- Evaluate the inequitable two-tiered DIC structure with a comprehensive study of DIC;
- Extend the Survivors and Dependents Educational Assistance benefits to a 20 year delimiting period and tie any increases to the Chapter 30 benefits to Chapter 35 benefits;
- Increase the DIC amount for surviving spouses with dependent children.

BIOGRAPHY OF RACHEL CLINKSCALE

Rachel A. Clinkscale is the Chairman of the Board of Directors of Gold Star Wives of America, Inc. and lives in Vincent, Alabama. She works as a Casualty Property Insurance Agent after retiring from 24 years of working for the Travelers Insurance Company in Birmingham. She has served as the VAVS Representative at the Birmingham VA Medical Center and the Civilian Project Officer for the National Veterans Day ceremonies in Birmingham. Mrs. Clinkscale is the widow of SFC James A. Bunn, KIA 2 February 1968 in Vietnam.

DISCLOSURE STATEMENT

Neither Mrs. Clinkscale nor the Gold Star Wives of America, Inc. have received any Federal Grant or contract during the current or previous two fiscal years relative to the subject matter of this testimony.